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13 August 1951

MEMORANDUM FOR: DEPUTY DIRECTOR/ADMINISTRATION

ATTENTION: 25X1A []

SUBJECT: Psychological Strategy Board

FROM: Comptroller
Acting General Counsel

1. The undersigned attended a meeting at 3:00 p.m., 10 August 1951, in the State Department in connection with the above subject. Those present representing State included Mr. Crutcher, Mr. Lyerly, Mr. Cameron, Mr. Manning, Mr. Sheridan and Mr. Ford. There were also present two representatives from the Department of Defense.

2. Certain general problems were discussed, and it was indicated that the present budget will be approximately \$ [] although it is not finally settled. It was reported that Mr. Gray and other members of the staff are located in their new space. At present there are less than ten persons on informal detail to Mr. Gray's staff.

3. State advised it would be necessary for them to clear with Mr. Rooney, of the Appropriations Committee, the fact that they would contribute one-third or approximately [] for the work of the Board. It was indicated that the other Departments might be concerned since that Committee presumably would ask who are the other contributing agencies. Mr. Ford was to check the matter further in the Department of State, and Mr. Crutcher agreed to request Mr. Charles Johnson to discuss the matter with Mr. Gray. This possible legislative problem has been referred to the CIA Legislative Counsel.

4. There was also presented for discussion the proposed agreement between the three departments, stipulating the understandings to provide administrative support to the Board. A number of changes were suggested and a clean draft will be forwarded to each department for additional consideration.

5. The CIA representatives reported in further detail the views held by Mr. Fisher, General Counsel for GAO, with respect to CIA authorities following our contribution into a working fund. Those views were that such powers would not follow through, but

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that from a strictly legal standpoint CIA could employ personnel above GS-15 level and detail them to the Board for duty. It was also indicated that there was a slight question in Mr. Fisher's mind concerning the existence of legal authority by which the Board and the staff for Mr. Gray had been created. The CIA representatives indicated that no decision had been made within CIA with respect to employment of persons for the Board at levels above GS-15. It was suggested that it would be desirable to know precisely how many such positions were required by Mr. Gray prior to pursuing the policy question further within CIA.

6. It was clear that there has been no final approval by Mr. Gray, or by the Board, of the T/O or budget. It was the impression of the undersigned that this entire problem was consuming a considerable amount of time which could result in unfavorable comment. We believe that this problem is reasonably simple and could have been solved much more quickly. It seems desirable that, although CIA representatives are participating in these discussions, CIA should not be placed in a position of being criticized for apparent delay. Therefore it is recommended that, in an appropriate manner CIA's position be made very clear to the Department of State; that position being that State is carrying the ball on this subject and that CIA will respond to whatever requests are made on it as quickly as possible.

7. It should be noted that the Department of Defense representatives again raised the question of why should not the administration of the working fund be placed in CIA. You may wish to discuss this aspect together with the entire problem with Mr. Wolf. The undersigned would be glad to fill you in with complete details if you desire.

E. R. SAUNDERS
Comptroller

JOHN S. WARNER
Acting General Counsel

OOC/JSW:mm

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*Hand-carried by
Miss Wachhoff on
13 Aug 57.*

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